

**BUSINESS PLAN**

**FOR**

**MANUFACTURING**

**OF**

**HOUSE HOLD APPLIANCES**

**AND**

**ELECTRONICS ITEMS PRODUCTION**

## Executive Summary

**U CLOUD HOME INNOVATION LIMITED** a private business company incorporated in the United Republic of Tanzania with Certificate of incorporation No. 174 404 283 issued on 07<sup>th</sup> May 2024.

The proposed business plan is of home appliances at **Region: Dar es salaam , District Ilala, plot no 35, Gerezani industrial area.**

**Postal code 1107**

The proposed new project shall cost US\$ 1m and creating new employment of 50 local people and 3 foreign people.

## LEGAL STATUS AND COMPANY BACKGROUND BRIEF

**U CLOUD HOME INNOVATION LIMITED** bears the certificate No. 174 404 283 issued in 2002 by BRELA.

The shareholders of **U CLOUD HOME INNOVATION LIMITED**, the shareholders of this newly formed company are , Yu Bin, and Shen Xiaowei both are people registered in China.

The company is owned by three shareholders,namely:-

<b>Name</b>	<b>%of Shares</b>	<b>Nationality</b>
YU BIN	49	China
SHEN XIAOWEI	51	China

### **LOCATION.**

The new project is located at **Rigion: Dar es salaam, District :Ilala CBD, street Gerezani industrial area.Postal code 1107,plot number 35.**

## MISSION

Prompt and professionally high-quality service delivery to customers, aimed at ensuring that they realize the highest value for money, thereby increasing the market share and seizure of every available opportunity for the company's growth.

## Core Values

Service provision with commitment, integrity and creativity while treating each customer as if they were the company's only customer

## BANKERS

The company is currently maintaining bank account of the following bank.

NMB BANK

## AUDITED REPORTS

**UCCLOUD HOME INNOVATION LIMITED** will maintain good financial reports which will be audited by reputable auditor firm

## BASIS OF THE BUSINESS PLAN

A study based on rapid appraisal surveys was conducted prior to, and as the basis of preparation of this plan, the surveys were based on the following objectives and approach:

### Study Objectives:

- a) To analyze the relevant market and other factors impacting up on the supply and demand of household appliances and consumer electronics production.
- b) To carry on the business of house hold appliances.
- c) TO carry on the business of consumer electronics
- d) Design and installation services for comprehensive product technical solution, local production and assembly of household appliances.
- e) To provide supporting documentation required for manufacturing of domestic appliances at Dar es salaam, Gerezani industrial area ,and also in accessing credit facilities required in the financing of the investment capital.

### Study Approach:

- a) Participatory: Semi- structured interview and discussion were held with the Company's Directors, stakeholders in packaging works and related businesses
- b) Physical visits to the company's main business premises
- c) A brief market survey on household appliances industries in Tanzania and consumer electronics production, Characteristics of demand and the general market structure of domestic appliances products, competition among suppliers and producers in the market.
- d) Conduction of profitability/viability test of the investment, using the appropriate financial projections for the initial period of five years proposed for the business operations.

# THE PROJECT

## Project Concept

The project involves establishing a new MANUFACTURING OF HOUSE HOLD APPLIANCES AND ELECTRONICS PRODUCT ITEMS industry; this will include construction of and installations of modern machines, purchasing vehicles, new generator etc.

The planned production capacity is 1980 metric tons per year.

Project planned business project will entail the following main activities:

- Making shopping visit to Tanzania, China and other supplier countries to identify the suitable and appropriate machinery for the planned project.
- Ordering of the material for production, machinery, motor vehicles and their assorted and equipment from China and other overseas suppliers and entering into agreements for the purchase/ acquisition of those assets.
- Consigning the purchased machinery and motor vehicles including all the equipment and accessories from countries of their origin to Tanzania
- Clearing of all the purchased goods from the ports of entry and transporting them to the company's premises in Dar es salaam
- Installation of the machinery, registration, insuring and licensing of the vehicles ready for deployment in the company's business

# Project Objectives

## Development Objectives:

**U CLOUD HOME INNOVATION LIMITED** aims at playing a significant role in the participation of the company in the efforts to maximize exploitation of the largely existing business potential in manufacturing industry particularly in house hold industry and electronics items.

## Immediate Objectives:

- a) To manufacture household appliance and electronics things production capacity of 1980 metric tons per year.
- b) Creating employment opportunities to skilled and semi-skilled Tanzanians in industrial operations, including their supplies and distribution in the company's business.
- c) Selling the product produce and sell them to customer and get profit.

# Overview of the Manufacturing Sector and Home appliance industry in Tanzania

- **The economy**

Tanzania is one of the fastest growing economies in Africa, thanks to the sustained economic reforms which are being undertaken since the late 1980's.

The country's economy has been constantly growing since mid-1990 by average of 5.9%, and now growing at average of 7% which make Tanzania economy to be among the fastest growing economy in Africa and world at large. The overall vision is to transform the sector of the economy from the present level of per capital GDP of about US\$867 to medium developed country with an average per capital GDP of around US\$2,500 (National Development Vision 2025), the GDP from manufacturing 926,333 TZ\$ million.

- **Manufacturing Industry**

Tanzania manufacturing sector contributes 5.6% to the country GDP in 2014 with \$2.69bn compared to \$1.47bn in 2009, representing an increase of 82%.

Tanzania's manufactured goods imports tripled over the past 5 years increasing from US\$497.7m in 2010 to US\$1.4 billion in 2015 accounting for 25% of Tanzania's total exports value

## HOUSE HOLD APPLIANCE INDUSTRY

The Household Appliances market in Tanzania is projected to grow by **5.54% (2024-2028)** resulting in a market volume of **US\$3.76bn in 2028**.

In 2024, the revenue in the Household Appliances market in Tanzania amounts to US\$3.03bn. This market is projected to grow annually by 5.54% (CAGR 2024-2028). The largest segment in this market is Major Appliances, with a market volume of US\$1.90bn in 2024. When compared globally, in China generates the highest revenue in the Household Appliances market, reaching US\$160bn in 2024. In relation to the total number of households in Tanzania, per household revenues of US\$224.90 are projected for 2024. By 2024, online sales are expected to contribute 1.1% of the total revenue in the Household Appliances market in Tanzania. Looking ahead to 2028, the market volume is expected to reach 27.1m pieces. Additionally, the Household Appliances market is anticipated to experience a volume growth of 3.9% in 2025. Lastly, the average volume per household in the Household Appliances market in Tanzania is estimated to be 1.74 pieces in 2024. Tanzanian consumers are increasingly opting for energy-efficient household appliances to combat rising electricity costs and promote sustainability.

## ELECTRONICS ITEMS INDUSTRY

Common items in the electronics sector include mobile devices, televisions, and circuit boards. Industries within the electronics sector include telecommunications, networking, electronic components, industrial electronics, and consumer electronics.

**UCLOUD HOME INNOVATION LIMITED** is poised to exploit to the maximum, the anticipated development in this Sector for its own enhanced growth.

## BUSINESS ENVIRONMENT ANALYSIS;

### Internal Approach;

#### **Management:**

**U CLOUD HOME INNOVATION LIMITED** as a corporate entity is managed under the Board of Directors. Day to day management of its conducted under the company's Managing Director who will be assisted by directors, Managers, senior officers etc.

The Managing Director will be closely assisted by well qualified professionals in the manufacturing of house hold appliances and electronics product . The company managers, heads of departments and operational staff for the production machines will be recruited for their competence, experience and good track record in their respective fields and in previous employments.

## External Environment:

### The market:

**U CLOUD HOME INNOVATION LIMITED marketing** policy aim at two objectives:

- Further penetration/entrenchment into the market's main Segments to increase and retain larger market share
- Early investment cost recovery to enhance economic viability Of the company's business and expedite its growth.

The policy will be hinged on continual conduction of market surveys as a way of establishing current market situations and also as the means of enabling the company to develop marketing strategies which will facilitate achievement of set out sales goals, on monthly and annual basis. Surveys will enable the company to identify the potential market for its products and plan strategies for its penetration.

The market surveys conducted during feasibility study for this project established that, demand for house hold and electronics item product in the country is growing with each passing year.

## Market Potential:

The global household appliances market was valued at USD 600 billion in 2022 and grew at a CAGR of 6% from 2023 to 2032. The market is expected to reach USD 1074.50 billion by 2032. The increasing number of working professionals will drive the growth of the global household appliances market.

The Home Appliance Market Report is Segmented by Product (major Appliances (refrigerators, Freezers, Dishwashers, Ovens, Air Conditioners, and Other Major Appliances) and Small Appliances (coffee and Tea Makers, Food Processors, Grills and Roasters, Vacuum Cleaners, and Other Small Appliances)), Distribution Channel (multi-Branded Stores, Specialty Stores, Online, and Other Distribution Channels), and Geography (North America, South America, Europe, Asia-Pacific, and the Middle East and Africa). The Report Provides Market Size and Value Forecasts (in USD) for These Segments.

## Competition:

**U CLOUD HOME INNOVATION LIMITED** is expecting to face competition from existing house hold appliance industries which controls a sizeable market share of paper products in Tanzania, the company plan to increase market share by investing in a new and bigger building materials manufacturing machines with production capacity of 1980 metric tons per year

## PROJECT OPERATING COSTS

In order to realize its intended objective, the project operating costs will vary based on total revenue.

# REVENUE ASSUMPTIONS

- For the purpose of this project all revenue will come from house hold appliance and electronics items we sell.
- The annual revenue to grow by different percentages depending on market demand annually
- Revenue projections are based on experiences gained by the firm for being in the market for five years now.

## CONCLUSION AND RECOMMENDATION

### Conclusion

The project is viable and profit able throughout the project period, after the foregoing economic and financial evaluation of the project; we strongly recommend that **U CLOUD HOME INNOVATION LIMITED** Board of Directors approval and accept the business proposal. The new project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

U CLOUD HOME INNOVATION LIMITED

<b>PARTICULAR</b>	<b>US\$</b>
Machinery & Equipment	200,000.00
Motor Vehicles	25,000.00
Furniture & Fixtures	5,000.00
Pre exp	5,000.00
Others	10,000.00
Working Capital	200,000.00
<b>TOTAL</b>	<b>445,000.00</b>

**UCLOUD HOME INNOVATION LIMITED**  
**FINANCIAL PROJECTIONS SUMMARY FROM 2024 TO 2028**  
**PROJECTED STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME FOR 5 YEARS**

DETAILS	2024	2025	2026	2027	2028
CURRENCY	USD	USD	USD	USD	USD
SALES	1,275,050	1,265,700	1,570,830	1,780,300	1,880,800
<b>TOTAL INFLOW</b>	<b>1,275,050</b>	<b>1,265,700</b>	<b>1,570,830</b>	<b>1,780,300</b>	<b>1,880,800</b>
<b>COST OF SALES</b>					
Opening Inventory	0	744,200	785,300	790,500	799,980
Add: Production Cost	1,124,200	626,230	988,700	1,006,700	1,050,790
Less: Closing Inventory	-744,200	-785,300	-790,500	-799,980	-800,205
	<b>380,000</b>	<b>585,130</b>	<b>983,500</b>	<b>997,220</b>	<b>1,050,565</b>
<b>GROSS PROFIT</b>	<b>895,050</b>	<b>680,400</b>	<b>577,330</b>	<b>783,080</b>	<b>830,235</b>
<b>OPERATING EXPENSES</b>					
Administration Expenses	105,000	100,005	100,200	130,000	127,000
Sales and Distribution Expenses	195,200	120,700	99,850	105,800	99,985
Finance Cost	103,210	95,005	90,800	100,013	100,125
Depreciation Expense	10,000	10,055	10,008	10,009	10,100
-	0	0	0	0	0
<b>TOTAL OPERATING EXPENSES</b>	<b>413,410</b>	<b>325,765</b>	<b>300,858</b>	<b>345,822</b>	<b>337,210</b>
-					
<b>PROFIT FOR THE YEAR</b>	<b>481,640</b>	<b>354,635</b>	<b>300,903</b>	<b>437,258</b>	<b>493,025</b>

**UCLOUD HOME INNOVATION LIMITED**  
**FINANCIAL PROJECTIONS SUMMARY FROM 2024 TO 2028**  
**PROJECTED STATEMENT OF FINANCIAL POSITION FOR 5 YEARS FROM 2024 -2028**

	2024	2025	2026	2027	2028
<b>DETAILS</b>					
<b>CURRENCY</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
PPE	105,000	100,000	100,500	100,600	100,700
<b>TOTAL NON-CURRENT ASSET</b>	<b>105,000</b>	<b>100,000</b>	<b>100,500</b>	<b>100,600</b>	<b>100,700</b>
<b>CURRENT ASSET</b>					
Inventory	744,200	785,300	790,500	799,900	800,200
Trade Receivables	100,000	105,000	105,000	106,100	106,500
Working Capital	200,000	200,000	200,000	200,000	200,000
Cash and Cash Equivalent	60,000	60,500	60,300	60,780	60,890
<b>TOTAL CURRENT ASSET</b>	<b>1,104,200</b>	<b>1,150,800</b>	<b>1,155,800</b>	<b>1,166,780</b>	<b>1,167,590</b>
<b>TOTAL ASSETS</b>	<b>1,209,200</b>	<b>1,250,800</b>	<b>1,256,300</b>	<b>1,267,380</b>	<b>1,268,290</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share Capital	300,000	300,000	300,000	300,000	300,000
Retained Earnings	205,850	200,000	220,400	200,250	205,980
<b>TOTAL EQUITY</b>	<b>505,850</b>	<b>500,000</b>	<b>520,400</b>	<b>500,250</b>	<b>505,980</b>
<b>LIABILITIES</b>					
Trade Payables	300,675	370,000	340,930	283,565	300,155
Other Payables	402,675	380,000	394,970	483,565	462,155
<b>TOTAL LIABILITIES</b>	<b>703,350</b>	<b>750,000</b>	<b>735,900</b>	<b>767,130</b>	<b>762,310</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,209,200</b>	<b>1,250,800</b>	<b>1,256,300</b>	<b>1,267,380</b>	<b>1,268,290</b>

**UCLOUD HOME INNOVATION LIMITED**

FINANCIAL PROJECTION SUMMARY 2024-2028

<b>Cost of Sales Analysis</b>				
<b>Cost of Raw Material Produced</b>				
<b>Particular</b>	<b>Units (TONES)/MONTH</b>	<b>Cost per Unit in USD per month</b>	<b>Total Cost of production in USD per month</b>	<b>Total Cost of production in USD Annually</b>
MATERIAL	100	1050	105000	1,260,000
<b>Total Cost of Raw material produced</b>		<b>2050</b>	<b>105000</b>	<b>1,260,000</b>

<b>Labour Cost</b>					
<b>Particular</b>	<b>Rate per day per labour USD\$</b>	<b>Rate per month per labour in USD\$</b>	<b>No of Labours</b>	<b>Total Cost per month in USD\$</b>	<b>Total Cost Annually in USD\$</b>
Foreign employees	255.06	6,631.6	3	19,894.8	238,737.6
Direct and Indirect Labours	123.22	3,203.72	50	160,186	1,922,232
					<b>2,160,960.6</b>

	<b>Year 1</b>
<b>Particular</b>	<b>Amount in USD\$</b>
Opening Stock	-
Add: Production Cost	1,260,000
Less: Cost of Sales	3,420,960.6
Closing Stock	744,200

